



April 13, 2012

Ms. Marlene H. Dortch
Secretary
Office of the Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Notice of *Ex Parte* Meetings

Re: *Ex Parte* Contact in Universal Service Contribution Methodology, WC Docket 06-122; Connect America Fund, WC Docket 10-90; A National Broadband Plan for Our Future, GN Docket No. 09-51; Federal-State Joint Board on Universal Service, CC Docket No. 96-45

Dear Ms. Dortch:

On behalf of the Ad Hoc Telecommunications Users Committee (Ad Hoc), the undersigned, of Levine, Blaszak, Block & Boothby, LLP, and Susan M. Gately, of SMG Consulting LLC, met with the following members of the Telecommunications Access Policy Division on April 12, 2012: Trent Harkrader, Chin Yoo, Ernesto Beckford, Erica Myers, and Carol Pomponio.

During this meeting we discussed the items set forth in the attached outline which was distributed to all meeting attendees.

Ad Hoc reiterated its longstanding support for a numbers-based USF contribution methodology. We discussed the relative ease of implementing and monitoring such a system as well as the stability and predictability in contribution obligations a numbers-based system would provide.

We also discussed contribution methodologies based on connections and revenues in accordance with the points listed in the attached outline.



Pursuant to the Commission's rules, this letter has been filed in the above referenced dockets. If you have any questions regarding this submission, please do not hesitate to contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andrew M. Brown'.

Andrew M. Brown
Counsel, Ad Hoc Telecommunications Users
Committee

Cc:

Trent Harkrader
Chin Yoo
Ernesto Beckford
Erica Myers
Carol Pomponio

Attachment

Ad Hoc Telecommunications Users Committee
Ex Parte Meeting on Universal Service Contribution Methodology
April 12, 2012

- I. Ad Hoc has been involved in promoting reform of the USF Contribution Methodology for over a decade.**
- Member of Consumer Energy Council of America (“CECA”) in 2001
 - Member of Coalition for Sustainable Universal Service (“COSUS”) promoting connections based mechanism in 2002
 - Proponent in FCC proceedings for numbers-based contribution methodology since 2003
- II. The FCC should ensure that any reformed contribution methodology imposes a contribution obligation that is:**
- Equitably distributed across all services and contributing entities
 - Business users or services used by business users should not contribute disproportionately to contributions made by other end-users or services.
 - No residual funding requirements should be imposed on business users or services used by business users to cover shortfalls in USF/CAF.
 - Stable and Predictable
 - Volatility in current contribution imposes huge burden on budgeting of businesses purchasing large quantities of telecom services.
 - Commission should base reformed methodology on stable metric or revenue source.
- III. Any of the following options are viable improvements to current system if implemented in accordance with the preceding principles.**
- Numbers: A “pure” numbers methodology is still the FCC’s best option.
 - Business users contribute “fair share,” and consumers not unduly burdened
 - Pool of assessable numbers is a stable (growing) base for funding CAF
 - Relatively easy to implement, report, monitor and verify
 - Connections: Viable, but details of implementation will determine fair application of contribution obligations and ability to satisfy USF/CAF funding requirements.
 - No basis for distinguishing between residential and business connections
 - Should be based on connections to the Internet or network
 - No residual assessment should apply for shortfalls in funding
 - Revenues (Broadened Base): Could improve the current problems, but still has inherent flaws that plague existing funding mechanism.
 - Broadening base to capture additional services would reduce contribution factor
 - But revenues based system will continue to promote arbitrage and still requires line-drawing on classification of services
 - No basis for expanding contribution to revenues of end-users that derive economic benefit from Internet/network access facilities